

**NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
DBA NORTHWEST IOWA YOUTH  
EMERGENCY SERVICES CENTER  
INDEPENDENT AUDITORS' REPORTS  
FINANCIAL STATEMENT AND  
SCHEDULE OF FINDINGS  
JUNE 30, 2015**

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER

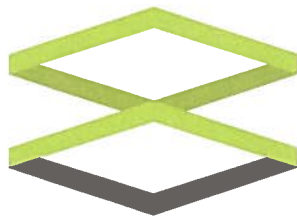
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NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER

OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>REPRESENTING</u>
Don Kass	Chairperson	Plymouth County
Denny Wright	Vice-Chairperson	Sioux County
Joe Cronin	Member	Ida County
Ranell Drake	Member	Sac County
Kirk Peters	Member	Lyon County
Barry Anderson	Member	Clay County
Louis Stauter	Member	Pocahontas County
Mardi Allen	Member	Dickinson County
Eugene Meiners	Member	Carroll County
Nancy McDowell	Member	O'Brien County
Kyle Schultz	Member	Crawford County
Dale Arends	Member	Buena Vista County
Rick Mongan	Member	Cherokee County
Cheryl McGrory	Director	
Karla Lundy	Assistant Director	



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## INDEPENDENT AUDITORS' REPORT

To the Officials and Members of the  
Northwest Iowa Multicounty Regional  
Juvenile Detention Center  
DBA Northwest Iowa Youth Emergency Services Center  
Cherokee, IA 51012

### Report on the Financial Statement

We have audited the accompanying statement of cash receipts, disbursements and change in cash balance of Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center (Center), as of and for the year ended June 30, 2015, and the related notes to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the primary government of Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center as of June 30, 2015, and the change in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

As described in Note 1, the financial statement was prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Emphasis of Matter**

As disclosed in Note 4 to the financial statements, the Center adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### ***Other Information***

The Other Information, the Schedule of the Center's Proportionate Share of the Net Pension Liability, and the Schedule of Center Contributions information on pages 14 through 18, has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

*Wintner, Stave & Co., LLP*

December 18, 2015  
Spencer, Iowa

## FINANCIAL STATEMENT

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
DBA NORTHWEST IOWA YOUTH EMERGENCY SERVICES CENTER  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGE IN CASH BALANCE  
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING RECEIPTS:

Detention care fees .....	\$ 522,140
State allocation .....	150,954
State programs .....	3,112
Transportation revenues .....	50,091
Other operating revenues .....	410
TOTAL OPERATING RECEIPTS .....	<u>726,707</u>

OPERATING DISBURSEMENTS:

Salaries .....	355,339
Payroll taxes .....	62,533
Health insurance and benefits .....	39,793
Meals and food .....	27,556
Treatment and health supplies .....	3,670
Clothing .....	4,493
Travel .....	1,612
Training .....	147
Office supplies .....	12,828
Postage .....	588
Telephone and internet .....	3,082
Utilities .....	8,708
Insurance .....	33,577
Transportation expenses .....	23,932
Professional fees .....	11,014
Miscellaneous .....	10,444
Repairs and maintenance .....	7,542
TOTAL OPERATING DISBURSEMENTS .....	<u>606,858</u>

EXCESS OF OPERATING RECEIPTS  
OVER OPERATING DISBURSEMENTS

119,849

NON-OPERATING RECEIPTS (DISBURSEMENTS):

Interest on investments .....	89
Net line of credit reduction .....	(8,000)
Interest expense .....	(551)
TOTAL NON-OPERATING RECEIPTS (DISBURSEMENTS) - NET .....	<u>(8,462)</u>

CHANGE IN CASH BALANCE 111,387

CASH BALANCE - BEGINNING OF YEAR..... 1,833

CASH BALANCE - END OF YEAR \$ 113,220

CASH BASIS FUND BALANCE:

Unrestricted .....

\$ 113,220

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT  
JUNE 30, 2015

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center (Center) was formed in 1989 by eleven northwest Iowa member counties pursuant to the provisions of Chapter 28E of the Code of Iowa. Three additional counties subsequently joined the organization. The Center provides detention and shelter care of juveniles.

The Center is governed by a Board comprised of one representative from each of the following member counties: Cherokee, Plymouth, Ida, Buena Vista, Carroll, O'Brien, Sioux, Lyon, Pocahontas, Sac, Dickinson, Clay, and Crawford.

**Reporting Entity**

For financial reporting purposes, the Center has included all funds. The Center has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the Center's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Center. The Center has no component units which meet the Governmental Accounting Standards Board criteria.

**Basis of Presentation**

The accounts of the Center are organized as an Enterprise Fund. Enterprise Funds may be used to report any activity for which a fee is charged to external users for goods or services.

The Center distinguishes operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with the Center's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

**Basis of Accounting**

The Center maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Center is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable, and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Center in accordance with accounting principles generally accepted in the United States of America.

**Estimates**

The preparation of financial statements in conformity with the basis of cash receipts and disbursements requires management to make estimates and assumptions that affect the amounts reported in the financial statement and accompanying notes. Actual results may differ from those estimates.



NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Date of Management's Review**

Subsequent events were evaluated by management up to the date of the independent auditors' report, which is the date the financial statement was available to be issued.

**2. CASH AND CASH EQUIVALENTS**

The Center's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Center; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Center had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**3. NOTES PAYABLE**

Activity in the loan for the year ended June 30, 2015 is summarized below:

	Balance Beginning of Year	Issued	Paid	Balance End of Year	Interest Paid
Iowa State Bank Loan .....	<u>\$ 8,000</u>	<u>\$20,000</u>	<u>\$28,000</u>	<u>          </u>	<u>\$ 551</u>

The Center entered into a short-term operating loan agreement in June 2013 to help fund operations. The note agreement terminated on October 1, 2014 and accrued interest at 8.15%. All deposit accounts and rights to payments of the Center were provided as collateral.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

#### 4. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Center, except for those covered by another retirement system. Employees of the Center are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, PO Box 9117, Des Moines, IA 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general information purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

**4. PENSION PLAN - Continued**

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Center contributed 8.93 percent for a total rate of 14.88 percent.

The Center's contributions to IPERS for the year ended June 30, 2015 were \$33,802.

Collective Net Pension Liabilities, Collective Pension Expense, and Collective Deferred Outflows of Resources and Collective Deferred Inflows of Resources Related to Pensions-

At June 30, 2015, the Center's liability for its proportionate share of the collective net pension liability totaled \$361,608. The collective net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the collective net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the Center's proportion was .008935 percent which was an decrease of .000902 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Center's collective pension expense, collective deferred outflows, and collective deferred inflows totaled \$27,065, \$19,889, and \$137,907, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

**4. PENSION PLAN - Continued**

Actuarial Assumptions - Continued - The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31%
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	<u>1</u>	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Center will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

**4. PENSION PLAN - Continued**

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
Center's proportionate share of the net pension liability	\$683,248	\$361,608	\$ 90,110

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**5. RENT OBLIGATIONS**

The Center occupies a portion of a building leased from the Iowa Department of Human Services in Cherokee, Iowa. The lease cost is \$1 per year plus a portion of the utilities and telephone. The terms are subject to renegotiation annually.

**6. RELATED PARTY TRANSACTIONS**

Total charges for services to member counties during the year ended June 30, 2015 were \$392,164. The member counties were billed \$150 per diem for juvenile detention services provided compared to \$175 per diem for non-member counties and \$100 per diem for the federal government.

**7. RISK MANAGEMENT**

The Center is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

**7. RISK MANAGEMENT - Continued**

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Center's property and casualty contributions to the risk pool are recorded as disbursements from its operating fund at the time of payment to the risk pool. The Center's contributions to the Pool for the year ended June 30, 2015 were \$10,928.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Center's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Center's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the Center's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Center does not report a liability for losses in excess of reinsurance or risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2015, no liability has been recorded in the Center's financial statements. As of June 30, 2015, settled claims have not exceeded the risk pool of reinsurance coverage since the Pool's inception.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

**7. RISK MANAGEMENT - Continued**

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount, if any, to be refunded to the withdrawing member.

The Center also carries commercial insurance purchased from other insurers for coverage primarily associated with workers compensation. The Center assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description - The Center operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. There are 11 active members and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a partially self-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Center. The Center currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Center were \$397 for single coverage and \$752 for family coverage. The same monthly premium applies to retirees. For the year ended June 30, 2015, the Center made no contributions to the retired benefit plan.

**9. COMPENSATED ABSENCES**

Compensated Absences - Center employees accumulate a limited amount of earned but unused vacation and compensatory time off hours for subsequent use or for payment upon termination, death, or retirement. These accumulations are not recognized as disbursements by the Center until used or paid. The Center's approximate liability for accumulated vacation payable to employees was \$2,119 at June 30, 2015. The Center's liability for accumulated vacation has been computed based on rates of pay in effect at June 30, 2015.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO FINANCIAL STATEMENT - Continued

**10. EMPLOYEE HEALTH INSURANCE**

The Center has established an account for the partial self-funding of the Center's health insurance plan. The plan is funded by the Center and is administered through a service agreement with Employee Benefit Systems. The agreement is subject to annual renewal provisions. The Center assumes liability for claims up to the deductible amounts of \$2,000/\$4,000 per single/family plan with a maximum out-of-pocket expense of \$4,000/\$8,000 per single/family plan. The deductible and maximum out-of-pocket for the Center are reduced by the deductible amount paid by the employee of \$500/\$1,000 per single/family plan and employee maximum out-of-pocket expense of \$1,000/\$2,000 per single/family plan. Claims in excess of deductibles are covered through a plan with Wellmark.

**11. ECONOMIC DEPENDENCY**

The Center generates approximately 21% of its revenue from State allocations and programs to provide services for the Iowa Department of Human Services (IDHS). State allocations are received in an annual lump sum. Under the terms of the IDHS programs, the Center submits an annual report of its expenditures and/or activities to the IDHS and is paid on a monthly basis as provided for by the program.



## OTHER INFORMATION

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FISCAL YEAR \*  
(IN THOUSANDS)

OTHER INFORMATION (UNAUDITED)

	<u>2015</u>
Center's proportion of the net pension liability .....	.008935%
Center's proportionate share of the net pension liability .....	\$ 361
Center's covered-employee payroll .....	\$ 620
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll .....	58.23%
Plan fiduciary net position as a percentage of the total pension liability .....	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
SCHEDULE OF CENTER CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS  
(IN THOUSANDS)

OTHER INFORMATION (UNAUDITED)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contribution .....	\$ 32	\$ 55	\$ 55	\$ 50
Contributions in relation to the statutorily required contribution .....	<u>(32)</u>	<u>(55)</u>	<u>(55)</u>	<u>(50)</u>
Contribution deficiency (excess) .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Center's covered-employee payroll ....	\$ 362	\$ 620	\$ 636	\$ 615
Contributions as a percentage of covered-employee payroll .....	8.93%	8.93%	8.67%	8.07%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 46	\$ 44	\$ 37	\$ 34	\$ 30	\$ 26
<u>(46)</u>	<u>(44)</u>	<u>(37)</u>	<u>(34)</u>	<u>(30)</u>	<u>(26)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 663	\$ 661	\$ 582	\$ 558	\$ 528	\$ 459
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO OTHER INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2015

### **Changes of Benefit Terms**

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

### **Changes of Assumptions**

The 2014 valuation implemented the following refinements as a result of quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

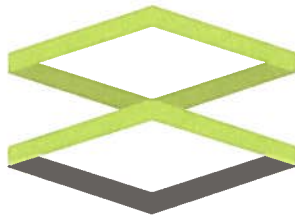
NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
NOTES TO OTHER INFORMATION - PENSION LIABILITY - Continued  
YEAR ENDED JUNE 30, 2015

**Changes of Assumptions - Continued**

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.



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INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
A FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Officials and Members of  
Northwest Iowa Multicounty Regional  
Juvenile Detention Center  
DBA Northwest Iowa Youth Emergency Services Center  
Cherokee, IA 51012

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Northwest Iowa Multicounty Regional Juvenile Detention Center DBA Northwest Iowa Youth Emergency Services Center (Center) as of and for the year ended June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated December 18, 2015. Our report expressed an unmodified opinion on the financial statement which was prepared on the basis of cash receipts and disbursements, a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Center's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statement but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility a material misstatement of the Center's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part I of the accompanying Schedule of Findings as item I-A-15 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **Northwest Iowa Multicounty Regional Juvenile Detention Center's Responses to Findings**

The Center's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The Center's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Northwest Iowa Multicounty Regional Juvenile Detention Center during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Wintner, Stave & Co., LLP*

December 18, 2015  
Spencer, Iowa



NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015

**Part I: Findings Related to the Financial Statement**

**Internal Control Deficiencies:**

I-A-15 Segregation of Duties - One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. The mail should be opened by someone who does not have access to the accounting records. A list of all checks received should be prepared and this list should then be agreed to amounts posted to the accounting records.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the Center should review its control procedures to obtain the maximum internal control possible under the circumstances.

Response - The Center does concede that segregation of duties is difficult with the limited number of employees and qualified staff to segregate duties. The Center continues to review its policies and procedures in regard to segregation of duties. We continue to assess this situation and look for ways to improve the segregation of duties within the facility.

Conclusion - Response accepted.

**Instances of Noncompliance:**

No matters were noted.

NORTHWEST IOWA MULTICOUNTY REGIONAL  
JUVENILE DETENTION CENTER  
SCHEDULE OF FINDINGS - Continued  
FOR THE YEAR ENDED JUNE 30, 2015

**Part II: Other Findings Related to Statutory Reporting**

- II-A-15 Questionable Expenses - No expenses we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 2015 were noted.
  
- II-B-15 Travel Expense - No disbursements of money for travel expenses of spouses of Center officials or employees were noted.
  
- II-C-15 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
  
- II-D-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa were identified.